

§ 105-187.77. Tax on severance of energy minerals.

(a) Purpose. – An excise tax is levied on the privilege of engaging in the severance of energy minerals from the soil or water of this State. The tax is imposed on the producer of the energy mineral. The purpose of the tax is to provide revenue to administer and enforce the provisions of this Article, to administer the State's natural gas and oil reclamation regulatory program, to meet the environmental and resource management needs of this State, and to reclaim land affected by exploration for, drilling for, and production of natural gas and oil. The severance tax is imposed upon all energy minerals severed when sold.

(b) Calculation of Tax. – The amount of the severance tax is calculated as follows:

(1) Condensates. – The applicable percentage rate of the gross price paid.

(2) Gas. – The applicable percentage rate of the market value as determined in G.S. 105-187.78.

(3) Oil. – The applicable percentage rate of the gross price paid.

(c) **(Effective until January 1, 2019)** Oil and Condensates Rate. – The percentage rate for condensates and oil is two percent (2%).

(c) **(Effective January 1, 2019 until January 1, 2021)** Oil and Condensates Rate. – The percentage rate for condensates and oil is three and one-half percent (3.5%).

(c) **(Effective January 1, 2021)** Oil and Condensates Rate. – The percentage rate for condensates and oil is five percent (5%).

(d) **(Effective until January 1, 2019)** Marginal Gas Rate. – The producer of a proposed or existing gas well may apply to the Mining and Energy Commission for a determination that the well qualifies as a marginal gas well. The producer may elect to have the gas taxed at the marginal gas rate or the gas rate. For severance of gas from a marginal gas well the percentage rate is four-tenths of one percent (0.4%).

(d) **(Effective January 1, 2019 until January 1, 2021)** Marginal Gas Rate. – The producer of a proposed or existing gas well may apply to the Mining and Energy Commission for a determination that the well qualifies as a marginal gas well. The producer may elect to have the gas taxed at the marginal gas rate or the gas rate. For severance of gas from a marginal gas well the percentage rate is six-tenths of one percent (0.6%).

(d) **(Effective January 1, 2021)** Marginal Gas Rate. – The producer of a proposed or existing gas well may apply to the Mining and Energy Commission for a determination that the well qualifies as a marginal gas well. The producer may elect to have the gas taxed at the marginal gas rate or the gas rate. For severance of gas from a marginal gas well the percentage rate is eight-tenths of one percent (0.8%).

(e) **(Effective until January 1, 2019)** Gas Rate. – The percentage rate for gas is nine-tenths of one percent (0.9%).

(e) **(Effective January 1, 2019 until January 1, 2021)** Gas Rate. – The percentage rate for gas is set in the table below. The tax rate is applied to the delivered to market value of the gas sold.

Over	Up to	Rate
-0-	\$3.00 per MCF	0.9%
\$3.01 per MCF	\$4.00	1.9%
\$4.01	N/A	2.9%

(e) **(Effective January 1, 2021 until January 1, 2023)** Gas Rate. – The percentage rate for gas is set in the table below. The tax rate is applied to the delivered to market value of the gas sold.

Over	Up to	Rate
-0-	\$3.00 per MCF	0.9%
\$3.01 per MCF	\$4.00	1.9%
\$4.01	\$5.00	2.9%

\$5.01	\$6.00	3.9%
\$6.01	\$7.00	4.9%
\$7.01	N/A	5%

(e) **(Effective January 1, 2023)** Gas Rate. – The percentage rate for gas is set in the table below. The tax rate is applied to the delivered to market value of the gas sold.

Over	Up to	Rate
-0-	\$3.00 per MCF	0.9%
\$3.01 per MCF	\$4.00	1.9%
\$4.01	\$5.00	2.9%
\$5.01	\$6.00	3.9%
\$6.01	\$7.00	4.9%
\$7.01	\$8.00	5.9%
\$8.01	\$9.00	6.9%
\$9.01	\$10.00	7.9%
\$10.01	N/A	9%

(2014-4, ss. 17(a), (d)-(f); 2016-5, s. 4.4(b).)